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Poverty eradication through regional development: the case of Brazil

Note by the Secretariat

The Secretariat has the honour to transmit to the Committee of Experts on Public Administration the paper prepared by Committee member Alexandre Navarro Garcia. The content of the paper and the views expressed therein are those of the author and do not imply any expression of opinion on the part of the United Nations.

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Summary

The present paper provides an in-depth picture of poverty in Brazil where, in rural areas, there has historically been a dichotomy between a large contingent of extremely poor small producers, notably in the North-east region of Brazil, and a handful of very wealthy agribusiness owners with large estates in every corner of the country. Such inequalities have been exacerbated by advances in agricultural research and technology, as a result of the classic interplay between landowners (in the form of land rent), wage earners (in the form of wages) and capitalist leaseholders (in the form of capital profits). The separation of strategies for agricultural research and development from public policymaking in other areas such as health, education, infrastructure and finance adds to the challenge.

Little has helped to reduce these inequalities and improve socioeconomic conditions for small rural producers. Subsidies and loans provided by the State, for example, have tended to benefit the major owners of national agribusiness interests. Proposals to create a national fund for regional development to address disparities have shown promise but have not been fully realized.

The author argues that a number of concrete actions are needed to address poverty in Brazil and move towards achievement of Sustainable Development Goal 1 and related targets. Such actions include the creation of a national fund for development of the five regions of Brazil, along the lines of the European Regional Development Fund, with 50 per cent of its resources allocated to less developed areas; easing of limits on budgetary commitments and financial assistance to the regions; promulgation of the Brazilian regional development policy in the form of a national law rather than as a decree; and administration of the regional development policy through the institutionalization of a national system of regional development.

Drawing on the experience of Brazil, the author concludes that the implementation of public policy instruments, such as a national plan for regional development, should be considered in countries seeking to eliminate poverty in its various dimensions. Such policies could promote enhanced and diversified economic activity in disadvantaged areas, inter alia, by addressing the social challenges that impede development.

I. Introduction

1. Eradicating poverty and hunger was one of the Millennium Development Goals. In the 2030 Agenda for Sustainable Development, countries recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development. Poverty is addressed in the 2030 Agenda as a multidimensional phenomenon that goes beyond questions of income and resources and concerns well-being and the sustainability of livelihoods in broad terms. Hunger, malnutrition and limited access to education and other basic services are among its more visible facets. In the 2030 Agenda, inclusive economic growth and the creation of decent jobs that promote equality are seen as solutions.

2. Some 836 million people in the world live in extreme poverty. Some 70 per cent of those living in extreme poverty are to be found in Southern Asia and sub-Saharan Africa. Efforts to reduce extreme poverty must take such geographic considerations into account. Similarly, the spatial distribution of the poor must be considered at the national level, in particular in a country such as Brazil, each of whose five administrative regions are larger than many countries.

3. Brazil is a country of contrasts. On the one hand, there is extreme, persistent and widespread poverty, notably in the rural part of the North-east region. On the other hand, that region is immensely rich, the result of four decades of heavy investment in agribusiness research, abundant credit, subsidies and debt securitization. Wealth, however, tends to be highly concentrated, with the result that millions of poor people coexist alongside a few hundred extremely well-off individuals.

4. A number of initiatives have been introduced to combat poverty at the national level in Brazil. One of the more widely recognized is the conditional cash transfer programme known as Bolsa Família (family scholarship), which has had a positive impact on income in poor households. However, such programmes may be unsustainable in the long run as they are subject to prevailing economic conditions, which can change. They may also create an ongoing dependency among several population groups on payments to meet basic needs.

5. Given regional disparities in the incidence of poverty, an important additional remedy in the Brazilian case could be the implementation of a national plan for regional development, focused on measures that promote longer-term socioeconomic benefits. Such a plan would comprise public policies that promote decent work, facilitate income generation through direct credit to small producers, invest in water and sanitation infrastructure, expand access to quality education and training, and encourage the appropriate use of technology and traditional local knowledge. In sum, the situation calls for a policy response very much in line with the aspiration and commitments of the Sustainable Development Goals as applied to the five regions of Brazil.

II. Rural poverty in Brazil

6. Brazilian society is still strongly marked by poverty and income inequalities, which have their origins in the concentrated ownership of rural properties, associated in particular with the abolition of slavery in the second half of the nineteenth century. At that time, people of African descent and immigrants formed a huge population of individuals who were legally free but who nonetheless remained poor by virtue of the Land Law of 1850, among other factors. The Land Law confirmed the claims of the pre-1850 cultivators to land ownership — claims that originated in a system of crown grants of public lands — making purchase the only means of acquiring rural properties. Effectively denied access to landholdings and having limited social or economic mobility within the existing agrarian structures, large contingents of poor rural dwellers flowed into urban areas in the second half of the nineteenth century.

7. Brazilian society is also profoundly marked by the extremely long period of slavery of both indigenous peoples and people of African descent. Starting in 1930, a large influx of immigrant labourers added to the already heterogeneous labour force. The answer to this growing expansion of poor people in Brazil could have been the deployment of targeted policies for regional development, the introduction of which was discussed after the Second World War. In the absence of such policies, the large number of people living in poverty continued to increase.

8. Methodologically, there are several approaches to measuring poverty. All approaches seek to obtain indicators that can be compared at the international level and that can identify and measure cross-border common factors and levels of deprivation. Consequently, policies can be identified for each specific context.

9. According to the economist Thirukodikaval Srinivasan, the three purposes of poverty indicators are: (a) to depict the extent of the poverty problem and the profile of the poor over time at regional, national and global levels; (b) to align this profile with the correct policies required to tackle and reduce poverty; and (c) to mobilize global resources and support for the achievement of these policies.[1] One of the most common ways of measuring extreme poverty, referred to in Sustainable Development Goal 1 on ending poverty, is the parameter of "less than $1.25 a day".

10. The Economic Commission for Latin America and the Caribbean proposed a method to assess poverty known as the "cost of basic needs". This method compares household income with the satisfaction of basic needs by establishing poverty lines. It identifies a minimum income level that allows the members of a household to satisfy their basic needs within a previously defined time and space. This level is derived from the calculation of the cost of a basic food basket, including products and services. The method assesses the population's needs regarding nutrition, food availability, relative prices and differences between metropolitan, urban and rural areas.[2]

[1] Thirukodikaval N. Srinivasan, "The unsatisfactory state of global poverty estimation" in *In Focus* (September 2004), p. 3. Available from http://www.ipc-undp.org/pub/IPCPovertyInFocus4.pdf.

[2] Instituto Interamericano de Cooperação para a Agricultura, *A Nova Cara da Pobreza Rural: Desenvolvimento e Questão Regional*, vol. 17, p. 58 (Brasília, 2013). Available from www.iicabr.iica.org.br/wp-content/uploads/2014/03/S%C3%A9rie-DRS-vol-17.pdf.

11. Another method used to measure poverty is that of "multidimensional poverty", based on the work of Amartya Sen.[3] According to Mr. Sen, poverty is one of the ways by which human beings are deprived of freedom. In particular, he regards freedom as having various dimensions: (a) economic, which determines the individual condition for consumption, production and exchange; (b) political, regarding the presence of civil and political rights (voting, choice and political participation); and (c) freedom of social opportunities, for example, access to basic education and health services. In the context of this method, it would be necessary to adopt a multidimensional approach to the construction of poverty indicators.

12. For the purposes of the present paper, which focuses on rural poverty, the household per capita poverty line was considered to be between one quarter ($64.57) and one half ($129.15) of the Brazilian minimum wage ($258.30 a month) in 2009. Such a criterion facilitates the identification of groups able to access social policies such as the national programme for strengthening family farming, Bolsa Família and Bolsa Estiagem (drought scholarship). Based on this criterion, the poor would be divided into three main subgroups: those with monthly incomes between $258.30 and $129.16 would be considered to be quasi-poor, those with monthly incomes between $129.15 and $64.58 would be considered poor and those with monthly incomes below $64.58 would be considered extremely poor.

13. Extreme rural poverty in Brazil has a regional distribution and is mainly concentrated in the north-east. In this subnational region, 9 million people live in rural areas and receive an income of less than $64.58 a month. The State of Bahia leads the extreme poverty ranking in the north-east, with almost 2 million people in that category, while the States of Pernambuco and Ceará have about 900,000 people in total living in extreme poverty.

14. There is a need for aggregate data on household income to be complemented by data on population to more clearly identify who the poor actually are. Illiteracy has the highest prevalence in the North-east region. Although illiterate people are found among the poor, quasi-poor and extremely poor, their highest incidence is in the group defined as quasi-poor. This is possibly attributable to the fact that the criteria applied by government social programmes tend to give priority to illiterate people. For younger people, weaknesses in the educational system are a relevant challenge to be tackled both in terms of promoting human development and of ensuring future integration in the labour market. Such factors could determine whether young people will overcome the poverty predicament threatening their future. Women and girls also face disadvantages owing to social and cultural factors that intensify the already numerous effects of poverty.

15. No less dramatic and worrying is the issue of child labour, which prevails in the poorest Brazilian region, the North-east. In places where educational policies are less precarious, such as in the South and South-east regions of Brazil, child labour is much lower. In this situation, it is necessary to carefully review the conditional cash transfer policies promoted by the Government of Brazil to ensure that the provision requiring that children remain in school in order for families to receive the benefit yields the expected results.

[3] Amartya Sen, *Development as Freedom* (Oxford, Oxford University Press, 1999).

16. With regard to access to land, the Brazilian experience shows that landless individuals live in extreme poverty. In the North-east, 65.9 per cent of extremely poor individuals are landless; in the North and the South-east the proportion of extremely poor individuals who have no land is 67.7 per cent and 82.4 per cent respectively. The high percentage of extremely poor individuals who do not have access to land in the South-east region is attributable to the migration of poor people from the North-east and has arisen despite the fact that the South-east region is considered to be the most developed in the country.

17. Poverty and inequality in Brazil may thus be seen as related, to varying degrees, to the lack of policy reforms aimed at expanding access to the means of production (including land) and addressing the specialization of the workforce. Illiterate farmers, child labourers and families deprived of land are an integral part of this picture. Another national challenge which deserves urgent attention is access to water and sanitation, particularly among extremely poor households. In the North-east region, 57.3 per cent of those living in extreme poverty do not have a water connection in their home and 48.4 per cent do not have sewage treatment. This has to be seen against the backdrop of the ambitious targets in the 2030 Agenda.

18. If nothing is done to improve specialized capacity and increase the productivity of the Brazilian countryside, poverty will continue to be the greatest challenge in agricultural areas, especially in the region that accounts for most of the rural poor, the semi-arid part of the North-east region. This semi-arid area accounts for some 70 per cent of Brazilian smallholdings in the North-east region (and contains 3.78 million people considered extremely poor, with an average income of $58.8 per month, at 2006 prices). It needs targeted action to overcome poverty through enhancing agricultural activities in the context of sustainable development.

19. The main observation and hypothesis of the present paper is that the current Brazilian productive structure is based on extreme specialization and concentration of production within the more dynamic activities and regions. As a result, less and less labour is absorbed and societies become less inclusive. That trend merely consolidates a productive structure that increasingly impoverishes the small producer.

III. Rural wealth in Brazil

20. The origins of the massive production and agricultural extraction industry in Brazil date back to 1502, when the king of Portugal, Dom Manuel, leased land to a wood exploitation consortium led by Fernão de Noronha.

21. After more than 500 years, Brazil is today a huge and successful rural producer of more than 300 types of crops that generate 350 products distributed in 180 markets worldwide. The agribusiness sector as a whole (inputs, agriculture, agro-industry and distribution) generated 188.1 million tons of grain (2015/16); 26.2 million tons of meat (2016); 38.9 million tons of fruit (2014); and 35.2 billion litres of milk (2014). In 2015, it yielded $181.3 billion, representing 27 per cent of gross domestic product and employing 37 per cent of the Brazilian workforce.[4]

[4] Embrapa, *Embrapa em Números* (Brasilia, 2016). Available from www.embrapa.br/documents/10180/1600893/Embrapa+em+N%C3%BAmeros/7624614b-ff8c-40c0-a87f-c9f00cd0a832.

22. Agricultural production figures are equally impressive, as demonstrated by the growth in grain production alone: 45 million tons in 1975, 58 million in 1990 and 187 million in 2013. In 1990 the balance of agricultural trade was $7 billion and by 2011 it had multiplied tenfold to reach $73 billion. In 2013, it stood at $83 billion. Historical records confirm the expansion of agribusiness in the face of stagnation or even retraction in other sectors of the Brazilian economy. The trade surplus of the agricultural sector in the period from 1989 to 2013 had a cumulative positive balance of $797.1 billion, compared with an accumulated deficit of $417 billion in the industry and services sectors.[5] However, this overall positive result relates to the activities of only a few thousand people — the Brazilian large landowners.

23. Agricultural development strategies need to address two national challenges. The first challenge is to improve the situation of isolated areas and territories, traditional communities and the rural poor. This could be done through the deployment and entrenchment of quality education; universal, sustainable employment; and public services such as water security and access to sanitation. Moreover, the deployment and operationalization of local productive arrangements, mechanisms for integration, vocational centres and appropriate technologies are social inclusion policies which would need to be pursued in parallel to basic infrastructure reforms.

24. The second challenge is to reform federal taxation through the creation of a related fund. That would make it possible to pool the revenues from the state tax on the circulation of goods and services (ICMS) and from value-added tax. The fiscal tug of war in Brazil affects the federal balance and appears to increasingly impoverish the poor. Addressing this situation may require the pooling of the revenues from the aforementioned state tax through the creation of a national fund for regional development which should benefit the poorest regions most. If it had the ability to independently commit resources, under article 9 of Complementary Law No. 101 of 2000 (Fiscal Responsibility Law), the national fund for regional development could tackle a sizeable part of structural poverty with a regional approach within a generation. This would need to be supported by domestic law (as called for in article 9, paragraph 2 of the Complementary Law) as well as by a capable national system of management and administration permeated by transparency and accountability.

The agricultural "Silicon Valley" of Brazil

25. Wealth and poverty are both the solution and the problem for Brazilian rural areas. Such areas come under the mandate of the Brazilian Agricultural Research Corporation (EMBRAPA), a public company created in 1973 to promote the modernization of the Brazilian countryside, enabling the sustainable development of agriculture through the generation, adaptation and transfer of knowledge and technology. The creation of EMBRAPA established a continuous and accelerated process of technological and organizational transformation that allowed rural producers to acquire skills that did not exist previously and enabled the commercial expansion of Brazilian agriculture in the following years.

[5] Agrostat, Estatísticas de Comércio Exterior do Agronegócio Brasileiro database.

26. Agriculture is fundamental to a world that, by 2050, will have an additional 2.3 billion new individuals (9.3 billion compared with the current 7 billion), requiring increased food production. Such an increase in population will require EMBRAPA and other similar institutions to increase global agricultural production by 70 per cent in developed countries and 100 per cent in developing countries, as well as to expand the crop supply for biofuels.

27. EMBRAPA promoted a noteworthy agricultural expansion that had a significant impact on the life and consumption patterns of Brazilians. Data from the Institute of Economic Research Foundation (FIPE) indicate that between 1975 and 2007, the cost of food in the State of São Paulo, the richest in the country, decreased by 5 per cent (and remains at that level to the present day). Bean production in Brazil increased from 2.23 million tons in 1973 to 2.7 million tons in 2014. At the same time, the planted area was reduced from 3.8 million hectares in 1973 to 1.9 million hectares in 2013. This represents a productivity increase of 131 per cent. EMBRAPA has thus contributed to new food consumption patterns and has enhanced primary food access by the most deprived populations.

28. This phenomenon is labelled the "Silicon Valley" of Brazilian agriculture but it is a valley of the rich, not the poor. In the twenty-first century, such agricultural innovation will become increasingly relevant and important in addressing the challenges of poverty and hunger. Results could, however, be enhanced by monitoring the source and nature of the expenditure as well as limiting restrictions and contingencies associated with the budgeting and financial operations of the proposed national fund for regional development.

One solution and one problem: the Methuen Treaty and the theory of comparative advantage

29. In 1703, under the Methuen Treaty, the King of Portugal promised to buy from England, at friendly rates, all the fabric that it could sell him. In exchange, the English monarch authorized the import of Portuguese wines, taxing them at only two thirds of the taxes charged on French products.

30. The Treaty improved the English trade balance in relation to Portugal, rapidly developed English textile production and reduced dependence on imports of wine from France, a country that had historical rivalries with England. Also as a result of the Treaty, the gold reserves coming from the colony of Brazil did not stop in Portugal but went directly to England to finance the industrial innovations implemented by industrialization.

31. Brazil was directly affected by the trade between Portugal and England, particularly after the arrival in Rio de Janeiro of Dom João and the royal court in 1808, upon their escape from Napoleon. In order to purchase the facilities and luxuries produced in the Industrial Revolution, Portugal, in 1810, forced a duty of 15 per cent on goods imported to Brazil from the United Kingdom, applicable to all signatories of the Commerce and Navigation Treaty. This was even lower than the duties applicable to Portuguese goods (16 per cent) or goods from other countries

(24 per cent).[6] Except with regard to the production of wines, Portugal became an "economic colony" of the United Kingdom and a similar situation affected Brazil.

32. According to the theory developed at that time by the English economist David Ricardo, the economic surplus generated by the production of wine in Portugal would finance the purchase of English cloth. A simple example, repeatedly mentioned in Brazilian scientific, political and academic circles, illustrates the theories of both Methuen and Ricardo, and can be applied in several different ways to the case of Brazil today. For instance, to import a ton of semiconductors (chips or heated sand) Brazil pays $350,000. Brazilians then need to sell 21,000 tons of iron ore or 1,700 tons of soybeans to buy just one ton of chips. If this ratio is applied to more complex technology areas such as space, Brazil would need to sell even more: 258,000 tons of iron or 149,000 tons of soybeans simply to pay for the rental of a satellite launch rocket, according to Roberto Amaral, former Brazilian Minister of Science and Technology.

33. In line with the theory of comparative advantage, the rich agribusiness sector has never redistributed its dividends to the poor. Nonetheless, the creation of the national fund for regional development would only require the redistribution of 1.6 per cent of 2015 profits. That would be more than enough to support all the aspects of a Brazilian national plan for regional development, including education and professional training; science, technology and innovation; infrastructure; productive development; and access to services, for a five-year period.

IV. Towards a strategic regional development policy as a means to reduce poverty

34. Until the Second World War, the idea of regional development was either linked only to the installation and location of industrial units and agricultural activities or based on the provision of services as a result of a top-down hierarchical macroregional approach based on the centrality of urban functions.

35. The world's first related experience was the national electrification plan of the former Soviet Union, elaborated by Lenin in 1920 under the State Commission for Electrification of Russia, with the aim of expanding iron casting numbers to 8.2 million tons (from 4.2 million tons in 1913), coal extraction to 62.3 million tons (from 29.1 million tons in 1913), regional hydroelectric potential to 1.75 million kW (from 189,000 kW in 1913) and gross industrial production by 180 to 200 per cent compared to 1913. Intended to last 10 to 15 years, the plan had largely exceeded all established indicators by 1935.[7]

36. In 1928, the national planning commission introduced a regional dimension to the plan. At that time there was a geopolitical preoccupation with Siberian settlement which had some commonalities with the concerns of Brazil about the

[6] Carlos Gabriel Guimarães, "O Comittee de 1808 e a defesa dos interesses ingleses com a Corte no Brasil", paper prepared for the XXIV Simpósio Nacional de História, Associação Nacional de História, São Leopoldo, 2007. Available from http://snh2007.anpuh.org/resources/content/anais/Carlos%20Gabriel%20Guimar%E3es.pdf.

[7] Academia de Ciências da Rússia. *Manual de Economia Política*, chap. XXI (1959). Available from https://www.marxists.org/portugues/tematica/livros/manual/21.htm.

North-east region and the Amazon region in the same period. The crisis of 1929, which generated the worst economic depression of the last century, served as an awakening to other countries, especially industrialized countries, about the need to address regional inequalities.

37. A more obvious example of a regional development policy was the creation in 1933, during the New Deal period, of the Tennessee Valley Authority, a government agency of the United States of America backed with private capital. Aimed at the development of the region, which covers 105,000 km^2 across seven states, the policy measures anticipated flood control, construction of hydroelectric dams, expansion of navigation channels of the Tennessee river basin, infrastructure construction, including irrigation programmes, industrial growth and modernization, urban development, service structuring, environmental health measures in rural areas and disease control (more than 30 per cent of the local population was at the time affected by malaria). The measures implemented by the Tennessee Valley Authority established practices and actions supported by a model of regional development based on the planning of a region that was considered poor but with potential for development owing to its natural resources.[8]

38. An equally important example of a tool for the implementation of regional development plans is the establishment of fiscal incentives aimed at lowering the cost of access to capital and production, a systematic approach adopted by Italy with the creation of the Cassa del Mezzogiorno in 1950. This type of financial measure was later disseminated to other countries, including Brazil, which implemented a system of fiscal incentives for the industrialization of the North-east region with the creation of the Superintendency for the Development of the North-east (SUDENE) in 1959.

39. At the end of the 1940s, to avoid urban, economic and social problems resulting from high urban concentration, France embarked on an ambitious policy of productive decentralization and territorial restructuring. This was aimed at reducing the size of the population in Paris and repopulating rural areas of the country. The policy instruments included targeting investments by State-owned enterprises to selected regions and implementing a bold and diversified infrastructure programme.

40. Latin America as a whole was not isolated from the aforementioned challenges and a number of regional development plans and policies were implemented, such as the border and basin programmes in Argentina (Patagonia) and Mexico. In Venezuela, the regional development programme in the city of Guyana, at the confluence of the rivers Caroní and Orinoco, aimed to transform the region into an urban-industrial growth pole, including through the construction of a hydroelectric dam, a steel mill and a new city. In a 1972 publication on regional development in Latin America, Walter Sthor listed 72 other regional development plans or programmes in Latin American countries.[9]

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[8] Andrey Minin Martin and Leonardo Dallacqua de Carvalho. "Entre a doença e progresso: considerações sobre o Tennessee Valley Authority e o controle da malária (1933-1948)", *Dimensões*, vol. 34, pp. 280-306 (2015). Available from www.periodicos.ufes.br/dimensoes/article/download/11119/7766.

[9] Walter Sthor, *El Desarrollo Regional en América Latina: Experiencias y Perspectivas* (Buenos Aires, Ediciones SIAP, 1972).

41. In Brazil, characterized by semi-arid conditions and recurrent drought in the North-east region, and constant insecurity in connection with the demarcation, protection and settlement of the Amazon region, regional development has been a constant concern since the late nineteenth century. Many public institutions were created in an attempt to find regional solutions focusing on the territories and appropriate cultural solutions to address the endemic problems associated with drought and poverty in the North-east region.

42. Thus, the Imperial Commission of 1877 began the implementation of plans for national integration and regional development, aimed at addressing the problem of drought and focusing mainly on the North-east region where most of the poor resided. It proposed, among other actions, the development of transportation infrastructure, the construction of dams and the diversion of the São Francisco River. With the establishment of the Republic of Brazil in 1889, the Commission did not complete its work. In addition, an estimated 500,000 people relocated or were transferred to the Amazon region, in an event unprecedented in Brazil, for work opportunities linked to the exploitation of rubber, which emerged as a new export product.[10]

43. In 1904, commissions were created to analyse the effects of the drought on the North-east region, notably the States of Ceará and Rio Grande do Norte, and consider solutions. The same year, the Inspectorate of Works against Drought was created. It was transformed into a Federal Inspectorate of Works against Drought in 1906 and finally, in 1945, into the National Department of Works against Drought, a structure linked to the Ministry of National Integration.

44. With resources derived from budgetary laws, a special fund, created in 1920 for cultivable land irrigation works in the North-east of Brazil, held 2 per cent of the federal budget. The 1923 Constitution added other lines of expenditure, thereby earmarking 4 per cent of the federal budget for the control of drought.

45. In 1945, based on the Tennessee Valley Authority experience, the São Francisco Hydroelectric Company was created. This company, linked to the Ministry of Energy, still exists. The Constitution of 1946 established other budgetary lines linked to the development of the North-east region.

46. With this variety of budgetary lines targeting the central problem of the North-east region, the São Francisco Valley Development Commission (now the São Francisco and Parnaíba Valley Development Company) was created in 1948, as part of the Ministry of Integration. In 1951, the Banco do Nordeste do Brasil was established.

47. These institutions in their totality, however, may be seen as having acted within an archaic system of regional development, with a top-down orientation, in isolation and without identifying the overall reasons for the persistence of poverty. This is because they have adopted macroregional approaches as their basic method of study. They also focus on exogenous measures, such as large investments without social control.

[10] Celso Furtado, *Formação Econômica do Brasil*, chap. XXIII (São Paulo, Companhia Editora Nacional, 2005). Available from www.afoiceeomartelo.com.br/posfsa/Autores/Furtado,%20Celso/Celso%20Furtado%20-%20Forma%C3%A7%C3%A3o%20Econ%C3%B4mica%20do%20Brasil.pdf.

48. The modern model of regional development requires a bottom-up orientation and approaches at multiple levels that have a national focus, from analysis and exploration of local potential to social engagement and empowerment of local actors in the implementation of policies and investments, treating local diversity as an asset to be assessed and realized. The proposed implementation of a national policy for regional development set out in the present paper is one of the possible paths, based on policies already implemented in other countries. This strategy would avoid the usual issues associated with poverty in any country, including limited opportunities for personal and professional development, mainly owing to the lack of access to quality education, health and employment, which results in a migratory process towards regions considered more dynamic.

49. The national plan for regional development is an attempt to overcome these challenges, with the aim of eradicating poverty. An additional challenge is finding a political consensus capable of generating a federative pact that places such a policy above other sectoral strategies and policies. In the absence of this political and institutional consensus, the attempt by the Brazilian Ministry for National Integration (formerly Ministry of the Interior) to implement the first national plan for regional development in 2003 seems to have generated limited results.[11]

50. The effort to resume planning and regional policies in Brazil under a new and modern approach has clearly yielded limited results. The main objectives of the approach, which were to reverse the trajectory of regional inequalities and explore the endogenous potential of the diverse Brazilian regions, were not actually met. As mentioned earlier, a possible fundamental element, even today, would be to create, budget for and finance a national fund for regional development to address, inter alia, the following aspects:

(a) National coverage. Because the characteristics of macroregions are no longer representative of Brazil as a whole, ensuing national coverage requires not only action at multiple geographical levels but also the application of intraregional policies throughout the territory;

(b) Effective regional development institutions. In the past, these were rendered institutionally fragile for recurrent reasons such as unbridled corruption;

(c) Regional development as cross-cutting action. This requires regional policies to be linked up with the action of federal government agencies for different sectors in partnership with the private sector and civil society.

51. Regarding the organization of the public institutions to be involved in the implementation of the national plan for regional development, three coordination levels were proposed at the federal, macroregional and subregional levels:

(a) At the federal level, the creation of the National Integration and Regional Development Policy Chamber and the Federative Coordination Committee;

(b) At the macroregional level, for the North, North-east and Central-west regions, the emphasis on the importance of strategic development plans, as well as

[11] Brazil, Ministry of National Integration, *I Conferência Nacional de Desenvolvimento Regional*: Documento de Referência (Brasília, 2012). Available from www.mi.gov.br/c/document_library/get_file?uuid=54bce099-503a-4076-8613-d90dd6107c79&groupId=10157.

the possible recreation of the three Superintendencies, which would be responsible for coordinating actions in their respective areas; and

(c) At the subregional level, the response of forums and development agencies in coordinating and linking together the governance programmes of the Ministry for National Integration around priority areas.

52. The first national plan for regional development was important, even if it had very limited results, since it represented the first national effort to implement a national policy for regional development, in addition to discussing the paradigms of how such regionalization would be achieved. Nevertheless, the implementation of the first national plan was negatively affected by the lack of four main factors: (a) creation of a fund; (b) institutionalization of coordination at the national level; (c) an adequate legal framework; and, last but not least, (d) a sufficient budget. Without adequate funds, no policy can succeed.

53. In the face of these shortcomings, the Ministry of National Integration assumed leadership on the implementation of a second national plan for regional development and promoted a discussion that took place between 2012 and 2013, with the collaboration of technicians and public and private experts. The latter attended the First National Conference on Regional Development, which involved debate in the 27 states and 5 Brazilian macroregions.

54. The outcome of the Conference was reproduced in the form of a bill,[12] drafted by the then Minister of National Integration. The bill is currently at the deliberation stage in the National Congress. As reflected in the second national plan for regional development, it proposes the implementation of policies geared towards a more balanced spatial development, respecting and exploring the country's diversity, while promoting integration and economic, social and territorial cohesion. This scope is expressed in two objectives, namely:

(a) To sustain a path of reversing interregional and intraregional inequalities, allowing for endogenous resources and cultural, social, economic and environmental specificities;

(b) To create conditions for more equitable and balanced access to public goods and services in Brazil, reducing the inequalities inherent in the birth location of some individuals.

55. As a general guideline, the second national plan for regional development aims:

(a) To structure the national system for regional development;

(b) To create a national fund for regional development;

(c) To focus on the regional dimension in the federal Government's main policies and plans with territorial impact, having the national plan for regional development as a central policy;

[12] Brazil. Institui a Política Nacional de Desenvolvimento Regional. Projeto de Lei do Senado No. 375 (2015). Available from www.senado.leg.br/atividade/rotinas/materia/getPDF.asp?t=169159&tp=1.

(d) To regard diversity as a key asset for territorial and regional development, based on the identification and exploitation of new opportunities and areas of potential;

(e) To combine equity and competitiveness in regional and territorial productive development strategies;

(f) To encourage innovative activities and technologies, and the "green economy", which are the bearers of the future;

(g) To make the criteria for granting financing and fiscal incentives for the national fund for regional development more agile, by integrating the various regional development funds with other fiscal instruments;

(h) To conclude agreements for the establishment of targets with Government in all spheres and with civil society in the fields of infrastructure, education and human resources training, and strengthening regional, state and local innovation systems, as well as the universalization of basic public services;

(i) To implement its information and monitoring systems as part of its ongoing assessment.

56. To avoid what happened with the first national plan for regional development, some political-administrative decisions are needed, namely:

(a) The creation of the national fund for regional development;

(b) The institutionalization of the national system of regional development;

(c) The enactment of ordinary legislation, thus providing the necessary normative framework for a state policy to be incorporated by all public agencies in all its dimensions;

(d) The inscription of a specific chapter in the Brazilian budgetary laws.

V. Conclusion

57. In Brazil, on the one hand, a very small number of wealthy producers own vast areas of land under highly mechanized cultivation, making huge investments in research, science, technology and credit supply. On the other hand, millions of small farmers live in conditions of extreme poverty, mostly in the North-east (semi-arid) region. They live on small plots of land and have limited access to technical assistance, seeds and innovations in handling and production. They also lack access to rural credit and depend for the most part on continued benefits such as Bolsa Família.

58. A realistic solution is for the work of EMBRAPA, the largest agribusiness research company in the world, to benefit the lives of the poorest; however, this has not been achieved and its work has instead helped the country's wealthy landowners. This situation is not only attributable to EMBRAPA. It is also explained by a lack of coordination and other investment policies which would contribute to the resilience of isolated poor areas and territories, whose populations have historically been without access to minimum levels of education, sanitation and means to cope with natural disasters.

59. In response to this structural imbalance, the author proposes the possible implementation of a regional development policy — as has been done in other parts of the world where it has already produced satisfactory results in the fight against poverty. The discussion was initiated and took shape in the Ministry of National Integration in 2011. Currently the text of the proposed policy is being debated in the National Congress with a view to the implementation of a second national plan for regional development, a measure that is necessary in view of the shortcomings of the first such plan, as explained earlier in the paper.

60. The national plan for regional development may soon be the solution for the immense rural misery of Brazil, once it is anchored in national policy by means of a bill supported by budgetary resources. It would require a normative framework coordinated by federal, regional and local planning and execution bodies, including arrangements in partnership with EMBRAPA.

61. The legal framework establishing regional development as a national policy in Brazil requires the creation of a national fund for regional development and a national system of regional development. Among other objectives, this should:

(a) Define targets and ranges for reducing inter- and intraregional inequalities in terms of quality of education by taking into account age distortion and rates of school dropout in basic education, as well as investments and efforts required for the fulfilment of the agreed targets;

(b) Strengthen regional systems and state and local innovation, considering appropriate technologies, local skills and potential, social inclusion, sustainable development and environmental concerns;

(c) Include and prioritize within the national plan those actions required by the structuring of the polycentric network of cities and by the guidelines for productive integration defined in the plan;

(d) Promote the development of production through the identification and exploitation of opportunities and potential by local and regional authorities;

(e) Establish a regional programme for the implementation of policies for the universalization of basic public services based on the criterion of a development deficit;

(f) Define a support strategy to promote the sustainability of Brazilian municipalities, consistent with the strategic network of cities, and promote efforts to strengthen new urban centres.

62. The aforementioned solution could help to disseminate models for implementing the first and primary objective of the 2030 Agenda in the Brazilian semi-arid region.